

## Message Text

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PAGE 01 STATE 265501

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ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

666  
DRAFTED BY: EB:JMDERHAM  
APPROVED BY: EB:JMDERHAM  
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FM SECSTATE WASHDC  
TO AMEMBASSY LONDON

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FOR DEPUTY ASSISTANT SEC JULIUS L. KATZ

FOLLOWING REPEAT STATE 265501 ACTION OTTAWA  
INFO OECD PARIS DTD 08 NOV

QTE

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E.O. 11652: N/A

TAGS: ETRD, CA

SUBJECT: PARALLEL U.S.-CANADIAN STUDIES OF THE NORTH  
AMERICAN AUTO INDUSTRY

REF: OTTAWA 4139

1. INTERAGENCY U.S. DELEGATION LED BY DEPUTY ASSISTANT  
SECRETARY GLITMAN MET ON NOVEMBER 6-7 TO DISCUSS SUBTEL  
WITH A CANADIAN DELEGATION LED BY ASSISTANT DEPUTY MINISTER  
LATIMER (IT&C). BOTH DELEGATIONS AGREED ON A CONTINGENCY  
PRESS STATEMENT. WE UNDERSTAND GOC PLANS TO RELEASE IT IN  
RESPONSE TO PLANTED QUESTION ON NOVEMBER 10. EMBASSY MAY  
USE PRESS STATEMENT AS CONTINGENCY GUIDANCE IF THE ISSUE IS  
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PAGE 02 STATE 265501

RAISED. HOWEVER, SINCE GOC WANTS CANADIAN PUBLIC TO HEAR

ABOUT DISCUSSIONS FIRST FROM GOC SOURCES, EMBASSY SHOULD RESPOND TO QUESTIONS USING PRESS STATEMENT AND Q AND A'S ONLY AFTER THE GOC HAS ISSUED A STATEMENT OR RESPONDED TO QUESTIONS ON THE ISSUE.

2. PRESS STATEMENT: BEGIN TEXT

IN VIEW OF CHANGED ECONOMIC CONDITIONS, PARTICULARLY IN THE ENERGY FIELD -- LIKELY TO AFFECT THE US AND CANADIAN AUTOMOTIVE INDUSTRIES IN THE YEARS AHEAD --

DISCUSSIONS WERE HELD NOVEMBER 6 AND 7 BY US AND CANADIAN OFFICIALS IN WASHINGTON TO PURSUE A PROGRAM OF STUDIES ON THE IMPACT OF THESE AND OTHER CHANGES ON THE NORTH AMERICAN AUTOMOTIVE INDUSTRY.

SINCE THE INDUSTRY IS HIGHLY INTEGRATED, ITS CANADIAN AND US COMPONENTS WILL CONTINUE TO EXPERIENCE A GREAT MANY PROBLEMS OF ADJUSTMENT IN COMMON. IT IS POSSIBLE, HOWEVER, THAT THESE CHANGES COULD WELL AFFECT EACH NATION'S INDUSTRY IN DIFFERENT WAYS.

FOR THESE REASONS IT WAS AGREED THAT THE STUDIES WOULD BE CONDUCTED SEPARATELY, BUT THAT THEY WOULD BE DEVELOPED COOPERATIVELY ON THE BASIS OF AN AGREED SET OF TOPICS AND THAT THEY WOULD USE, TO THE EXTENT FEASIBLE, A SIMILAR METHODOLOGICAL APPROACH. THIS APPROACH ENABLES A CERTAIN COMPARABILITY OF DATA, ASSUMPTIONS AND ANALYSIS TO BE MAINTAINED, BUT AT THE SAME TIME ALLOWS BOTH SIDES THE FREEDOM TO EXPLORE ALL AVENUES OF SPECIAL INTEREST TO EACH.

THE GENERAL AREAS TO BE EXAMINED WILL INCLUDE AN ANALYSIS OF WHERE THE INDUSTRY PRESENTLY STANDS IN NORTH AMERICA AND ELSEWHERE TOGETHER WITH AN EVALUATION OF THE IMPACT ON THE INDUSTRY OF ENVIRONMENTAL CONSTRAINTS, ENERGY AND SAFETY REGULATIONS, NEW TECHNOLOGY, AND CHANGING DEMAND PATTERNS. OFFICIALS FROM THE TWO COUNTRIES WILL MEET FROM TIME TO TIME TO REVIEW THE PROGRESS OF THE WORK.

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PAGE 03 STATE 265501

END TEXT.

3. SINCE RELATED QUESTIONS MAY ALSO BE RAISED ON SUBJECT, EMBASSY MAY DRAW ON FOLLOWING FOR GUIDANCE IN RESPONSE. MORE DETAILED REPORT ON DISCUSSIONS WILL FOLLOW. WE TENTATIVELY AGREED TO MEET WITH GOC OFFICIALS BEFORE THE END OF THE YEAR, BUT NO DATE HAS BEEN SET.

Q: WHAT IS THE TIME FRAME WHICH THESE STUDIES ARE SUPPOSED TO COVER?

A: AT THIS STAGE, IT IS HARD TO GIVE A SPECIFIC ANSWER. WE WANT FIRST TO FOCUS ON WHERE WE ARE ON THE IMPACT OF ENERGY, ENVIRONMENT AND SAFETY CHANGES ON THE INDUSTRY, AND THEN DETERMINE HOW FAR WE MIGHT LOOK AHEAD.

Q: IS ONE OF THE PURPOSES OF THE STUDY THE RENEGOTIATION OF THE AUTO PACT?

A: NO, THE PURPOSE OF THE STUDY IS TO EXAMINE THE NORTH AMERICAN AUTO INDUSTRY IN THE LIGHT OF NEW ENERGY, ENVIRONMENT, AND SAFETY CONSIDERATIONS. OF COURSE, THE AUTO PACT IS AN IMPORTANT ASPECT OF THE NORTH AMERICAN AUTO INDUSTRY AND MUST BE CONSIDERED IN THAT CONTEXT.

Q: WILL THESE STUDIES BE MADE PUBLIC?

A: IT IS TOO EARLY TO SAY AT THIS POINT, AND WE WILL OF COURSE WANT TO REVIEW THE FINAL PRODUCT BEFORE REACHING THAT DECISION.

IN ANY EVENT, WE WILL OF COURSE HAVE TO PROTECT ANY INFORMATION GIVEN TO US ON A BUSINESS CONFIDENTIAL BASIS BY THE INDUSTRY.

Q: DO YOU PLAN TO SEEK HELP FROM THE AUTO INDUSTRY IN THE STUDY?

A: YES, WE EXPECT TO BE IN CLOSE CONTACT WITH THE LIMITED OFFICIAL USE

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PAGE 04 STATE 265501

INDUSTRY DURING THE COURSE OF THE STUDY.

Q: CAN YOU DESCRIBE MORE SPECIFICALLY WHAT THE STUDY WILL COVER?

A: AT THIS POINT IT IS DIFFICULT TO TELL YOU MUCH BEYOND WHAT WE HAVE SAID IN THE STATEMENT. BOTH SIDES ARE JUST BEGINNING TO WORK THEIR WAY INTO A HIGHLY COMPLEX FIELD. KISSINGER UNQTE KISSPNER

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## Message Attributes

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